

Overview:

Hughes was awarded \$58.7 million by the U.S. Department of Agriculture Rural Utilities Service (RUS) Broadband Initiative Program to provide satellite broadband service to unserved rural premises throughout the United States. Qualified consumers receive hardware and installation at no cost and a 33% discount on the monthly service charge. The Recovery Act Program was launched by Hughes Network Systems in November 2010 and will be in force for three years or until the award amount has been fully utilized.

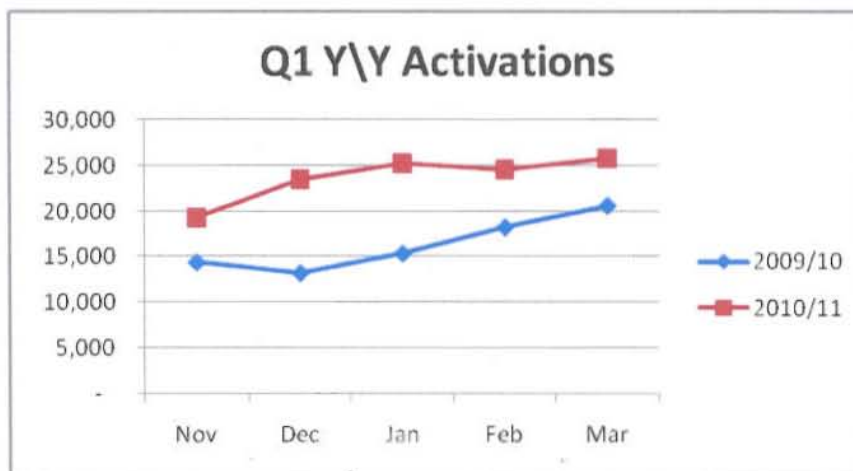
Success/Accomplishments:

The Hughes Recovery Act Program has been a major success to date. Success can be measured in three areas:

- Increase in new HughesNet subscribers;
- Higher customer satisfaction levels; and
- Jobs created from the stimulus funding.

New Subscribers:

The spirit of the program is to bring broadband to unserved households, and Hughes has done just that. The subsidy provided by RUS has enabled Hughes to eliminate hardware and installation costs to qualified subscribers and to provide a 33% discount on the monthly service charge. This has generated unprecedented demand and interest in the program. Hughes has added resources, particularly in the areas of call center support and installation staff. The graph below illustrates the month-over-month increase in quarterly customer activation volume when compared to same period one year earlier.



- From November 2010 to May 2011, Hughes received over 95,000 orders from eligible households for the HughesNet service as a result of the discounted Recovery Act service plans.
- The average installation rate increased from 69% during the months of April, June and July to 81% during the months of November, December and January.
- The five states with the highest number of Recovery Act orders from November 2010 to May 2011:
 1. Michigan-2,472
 2. Alabama-2,216
 3. Ohio-1,719
 4. Tennessee-1,265
 5. Texas-1,137

Customer Satisfaction:

A four-week satisfaction survey from February 21, 2011 to March 20, 2011 determined that HughesNet Recovery Act customers have a higher rate of satisfaction with their purchase, installation and service experience. The Recovery Act customer satisfaction results were compared to customers who purchased regularly priced HughesNet broadband Internet service.

Customer Satisfaction improvement as a result of the Recovery Act Program:

	Purchase Experience	Installation Experience	Service Satisfaction
Improvement	14%	6%	7%

The introduction of affordable broadband into these unserved communities has resulted in a myriad of benefits. Below is a series of quotes captured during Hughes' follow up and customer satisfaction surveys:

- "I got my HughesNet installed on the 5th of this month, and so far, I really like the way it breathed new life into my computer! After being forced to use dial-up @ 28.8 Kbps, this is a welcome treat, thanks to the Hughes Recovery Act, subsidized by the U.S. Government! Web pages load almost instantly, whereas with dial-up, it would sometimes take up to 5 minutes to load a web page!" – Michael Gronemeyer, Barnett, Missouri.
- "We received in the mail a postcard for the Recovery Act. Once we sat down and discussed it, we decided that we could do it now; we decided that we could afford it. My husband and I actually started our own Ebay business now because it's so much faster. We can download things so much quicker. The day that I had HughesNet installed I got on the Internet, onto my Facebook, and I wrote 'Loving my Internet service. I love HughesNet!'" – Michelle Wilhelm, Little Orleans, Maryland.
- "I received the Recovery Act postcard in the mail after I had looked at HughesNet and WildBlue and determined that the price was above our economical means. Now that we have HughesNet with the Recovery Act, everything is faster. It saves a lot of time and enables my kids to quickly research information for homework so the next one of my 5 kids can get on." – Deanna Clarkson, Thornton, West Virginia.

New Jobs Created:

New jobs were created in three areas as a result of the Recovery Act program instituted by Hughes.

- The sales agent pool increased from 297 agents to 357 agents during the period November 2010 to March 2011.
- Since launch of the Recovery Act Program, Hughes has trained and certified 374 new installers; about an 18% increase over the total number of installers prior to commencement of the Recovery Act Program.
- Hughes has trained an additional 27 Tier 1 call center agents since launch of the Recovery Act Program.